

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

ELETSON HOLDINGS INC.,

Debtors.<sup>1</sup>

Chapter 11

Case No.: 23-10322 (JPM)

(Jointly Administered)

**STIPULATION BETWEEN THE OFFICE  
OF UNITED STATES TRUSTEE AND REED SMITH LLP**

**WHEREAS** on March 7, 2023, the cases of the above captioned debtors and debtors in possession (collectively the “Debtors”) were initiated through the filing of involuntary petitions for relief under Chapter 7 of Title 11 of the United States Code (the “Bankruptcy Code”).

**WHEREAS** on September 25, 2023, (the “Conversion Date”) an order was entered by this Court voluntarily converting the Debtors cases from cases under Chapter 7 of the Bankruptcy Code to cases under Chapter 11 of the Bankruptcy Code (the “Chapter 11 Cases”).

**WHEREAS** on October 25, 2023, the Debtors filed the *Debtors’ Application to Retain and Employ Reed Smith LLP, as Counsel to the Debtors and Debtors-in-Possession, Nunc Pro Tunc as of the Conversion Date, Pursuant to 11 U.S.C. §327(a) and Federal Rule of Bankruptcy Procedure 2014* [Dkt. No. 235] (the “RS Retention Application”) seeking to employ Reed Smith LLP (“Reed Smith”) as counsel to the Debtors.

**WHEREAS** in support of the RS Retention Application, Reed Smith filed the *Declaration of Derek J. Baker Under Fed. R. Bankr. P. 2014 in Support of Debtors’ Application to Retain and Employ Reed Smith LLP, as Counsel to the Debtors and Debtors-in-Possession,*

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<sup>1</sup> The Debtors in these chapter 11 cases are: Eletson Holdings Inc., Eletson Finance (US) LLC, and Agathonissos Finance LLC.

*Nunc Pro Tunc as of the Conversion Date* [Dkt. No. 235-2] (as subsequently supplemented, the “Baker Declaration”)<sup>2</sup> and the *Declaration of Vassilis E. Kertsikoff in Support of Debtors’ Application to Retain and Employ Reed Smith LLP, as Counsel to the Debtors and Debtors-in-Possession, Nunc Pro Tunc as of the Conversion Date* [Dkt. No. 235-3] setting forth various connections between Reed Smith, the Debtors, the Debtors’ shareholders, officers and directors, and the various parties in interest in these Chapter 11 Cases.

**WHEREAS** on January 4, 2024, this Court entered an order authorizing the Debtors’ retention of Reed Smith as bankruptcy counsel and finding that Reed Smith was disinterested within the meaning of section 327(a) of the Bankruptcy Code.

**WHEREAS** on February 7, 2024, this Court entered an order [Dkt. No. 398] (the “Interim Compensation Order”) setting forth the procedures for interim compensation of estate professionals after the Conversion Date and during the pendency of these Chapter 11 Cases, including a holdback of 20% of the fees incurred by respective professionals each month.

**WHEREAS**, by Interim Order Granting (In Part) Applications For Allowance Of Interim Compensation And Reimbursement Of Expenses entered on May 14, 2024 [Dkt. 676] and Order Approving And Awarding First Interim Fee Application For Allowance Of Compensation Of Expenses To Reed Smith LLP As Counsel To The Debtors entered June 12, 2024 [Dkt. 769] approving certain First Interim Fee Applications and Interim Order Granting (In Part) Applications For Allowance Of Interim Compensation And Reimbursement Of Expenses entered on September 3, 2024 [Dkt. 1055] approving certain Second Interim Fee Applications, Reed Smith was subject to holdbacks of \$1,125,663.63 (collectively, the “Holdback”)

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<sup>2</sup> Supplemental Baker Declarations were filed as Dkt. Nos. 261, 297, 330, 385 and 386.

**WHEREAS** on September 27, 2024, the Office of the United States Trustee for Region 2 (the “United States Trustee”) filed the *Motion of the United States Trustee for Reed Smith LLP to Disgorge Fees and Expenses for Failure to Disclose Connections* [Dkt. No. 1166] (the “Motion”) alleging Reed Smith did not previously formally disclose certain connections with certain of the Debtors’ officers and directors.

**WHEREAS** on October 15, 2024, pursuant to the Interim Compensation Order, Reed Smith filed the *Third Interim Fee Application of Reed Smith LLP, Counsel to the Debtors and Debtors in Possession, for Compensation and Reimbursement of Expenses for the Period May 1, 2024 to August 31, 2024* [Dkt. No. 1193] (the “Third Interim Fee Application”).

**WHEREAS**, the United States Trustee has raised certain informal objections to the fees and expenses sought in the Third Interim Fee Application.

**WHEREAS** Reed Smith and the United States Trustee have engaged in substantive, good faith and arms’-length negotiations to resolve the Motion at minimal cost to the Debtors’ estates, and believe that a consensual resolution to the Motion in lieu of costly litigation is in the best interest of all parties, including the Debtors and their creditors.

**WHEREAS** Reed Smith and the United States Trustee have reached a resolution to the assertions set forth in the Motion and the informal objections raised to the Third Interim Fee Application in accordance with the terms below and stipulate to the following (the “Stipulation”).

**IT IS HEREBY STIPULATED AND AGREED** Reed Smith shall file a supplemental declaration in form and substance acceptable to the United States Trustee making a formal disclosure and clarifying the relationship between the Debtors’ officers and directors and Reed Smith (the “Declaration”).

**IT IS FURTHER STIPULATED AND AGREED** that Reed Smith shall voluntarily reduce the Holdback to be sought by Reed Smith in its final application for compensation pursuant to the Interim Fee Order by \$200,000.

**IT IS FURTHER STIPULATED AND AGREED** that Reed Smith hereby confirms that the fees and costs Reed Smith incurred in reviewing, evaluating, responding to and negotiating the resolution of the Motion is no less than \$129,808.50 (the “Response Fees”)

**IT IS FURTHER STIPULATED AND AGREED** that Reed Smith shall waive the right to seek reimbursement of the Response Fees from the estate.

**IT IS FURTHER STIPULATED AND AGREED** that Reed Smith shall reduce the expenses sought pursuant to the Third Interim Fee Application by \$67,910.90 for amounts attributable to invoices included in the Third Interim Fee Application from Gravity Stack LLC and reducing the fees sought pursuant to the Third Interim Fee Application by \$82,089.10. (collectively, \$150,000 the “Voluntary Reduction”), which such Voluntary Reduction shall be further documented and reflected in the order addressing the Third Interim Fee Application.

**IT IS FURTHER STIPULATED AND AGREED** that the United States Trustee has otherwise agreed not object or further reserve any rights as they relate to the Third Interim Fee Application and shall not join or support any similar motion or objection seeking disallowance or disgorgement of any fees of Reed Smith incurred prior to and through the Third Interim Fee Period (as defined in the Third Interim Fee Application); *provided, however*, the United States Trustee reserves all rights to object to any fees of Reed Smith incurred prior to and through the Third Interim Fee Period based on connections or potential connections not disclosed to the United States Trustee prior to the date hereof.

**IT IS FURTHER STIPULATED AND AGREED** that upon the filing of the Declaration, the Motion shall be deemed resolved and the hearing thereon is cancelled.

**IT IS FURTHER STIPULATED AND AGREED** that this Stipulation may be executed in counterparts and that a facsimile or electronic signature shall have the same binding effect on all parties hereto as an original signature.

Dated: October 30, 2024  
New York, New York

**REED SMITH LLP**

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**WILLIAM K. HARRINGTON  
UNITED STATES TRUSTEE**

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**IT IS SO ORDERED**

Dated: \_\_\_\_\_, 2024  
New York, New York

**BY THE COURT**

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HONORABLE JOHN P. MASTANDO III  
UNITED STATES BANKRUPTCY JUDGE